

Message Text

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LIMDIS

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TAGS: EEWT, TECH, UK

SUBJECT: IMPACT OF TECHNOLOGY EXPORTS TO COMMUNIST
COUNTRIES

REF: STATE 64767

1. ON MARCH 26 WE RAISED QUESTIONS IN REFTEL CONCERNING
TECHNOLOGY EXPORTS TO USSR AND OTHER COMMUNIST COUNTRIES
WITH DAVID WHITBY, CHIEF, EXPORT LICENSING BRANCH,
DEPARTMENT OF TRADE

2. WHITBY SAID THAT THE BRITISH GOVERNMENT HAS NO
FORMAL INSTITUTIONAL MECHANISM FOR SCREENING TECHNOLOGY
EXPORTS, ASIDE FROM ITS REGULAR STRATEGIC EXPORT
LICENSING PROCEDURES. THE GOVERNMENT RELIES ON CLOSE
AND CONTINUING CONTACT WITH THE FIRMS INVOLVED IN EAST-
WEST TRADE. THE MINISTRY OF DEFENCE FOLLOWS WHAT DE-
FENSE-RELATED INDUSTRIES ARE DOING, AND THE DEPARTMENT
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OF INDUSTRY IS IN TOUCH WITH OTHER INDUSTRIES. WHITBY

BELIEVES THAT THIS INFORMAL SYSTEM WORKS EFFECTIVELY. THE NUMBER OF BRITISH FIRMS INVOLVED IN EAST-WEST TRADE IS LIMITED. MOST OF THEM, ESPECIALLY THE LARGER ONES, WOULD GET IN TOUCH WITH THE GOVERNMENT ON THEIR OWN INITIATIVE ANYWAY BEFORE EMBARKING ON A MAJOR DEAL, EITHER FOR EXPORT CREDIT GUARANTEES OR FOR THE SECURITY OF KNOWING THAT THEY HAVE THE GOVERNMENT'S "BLESSING" FOR THE PROPOSED TRANSACTION.

3. IN MONITORING EAST-WEST TRANSACTIONS THROUGH THIS INFORMAL SYSTEM, WHITBY SAID, THE GOVERNMENT MAKES NO ATTEMPT TO RESTRICT TECHNOLOGY TRANSFERS (EXCEPT, OF COURSE, WHERE CLASSIFIED INFORMATION OR COCOM RESTRICTIONS ARE INVOLVED). THE GOVERNMENT JUDGES THE EXPORT OF TECHNOLOGY FIRST OF ALL IN TERMS OF OVERALL OBJECTIVE OF IMPROVING BRITAIN'S BALANCE OF PAYMENTS. THE NEED FOR BRITISH INDUSTRY TO COMPETE MORE EFFECTIVELY WITH OTHER WESTERN EUROPEAN COUNTRIES IS AN IMPORTANT FACTOR. POLITICAL CONSIDERATIONS ARE ALSO TAKEN INTO ACCOUNT -- BOTH THE UK'S RELATIONS WITH THE COUNTRY DESTINED TO RECEIVE THE EXPORT, AND THE VIEWS AND INTEREST OF OTHER COUNTRIES, NOTABLY THE US.

4. ACCORDING TO WHITBY, THESE POLICY CONSIDERATIONS ARE COORDINATED IN CLOSE, INFORMAL CONSULTATIONS AMONG VARIOUS MINISTRIES, INCLUDING THE DEPARTMENTS OF INDUSTRY, TRADE, THE MINISTRY OF DEFENCE, AND THE FOREIGN OFFICE.

5. FOR ADDITIONAL DETAILS, DEPARTMENT MAY WISH TO CONSULT THE REPORT THAT WAS PRESUMABLY PREPARED BY A TWO-MAN GAO STUDY TEAM WHICH VISITED THE UK AND OTHER EUROPEAN COUNTRIES LAST YEAR IN ORDER TO INVESTIGATE EAST-WEST TRADE MATTERS.

RICHARDSON

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